

**BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
DOCKET NO. 2013-118-C**

# Application of TNCI OPERATING COMPANY LLC

for a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange, Exchange Access and Interexchange Telecommunications Services in the State of South Carolina, For Alternative Regulation, Flexible Regulation, and For Approval of a Transfer of Assets from Trans National Communications International Inc.

**DIRECT TESTIMONY OF JEFF  
COMPTON ON BEHALF OF TNCI  
OPERATING COMPANY LLC**

1 **Q. PLEASE STATE YOUR NAME, TITLE, BUSINESS ADDRESS AND**  
2 **TELEPHONE NUMBER FOR THE RECORD.**

3 A. My name is Jeff Compton. I am President and Chief Executive Officer of TNCI  
4 Operating Company LLC (“TNCI-OpCo”) or (“Applicant”). My business address is 114  
5 E. Haley Street, Suite A, Santa Barbara, CA 93101. I can be reached by telephone at  
6 (805) 560-7809.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**  
8 **PROFESSIONAL EXPERIENCE.**

9 A. I have a Bachelor of Science degree in Business Management from the University of  
10 Phoenix. I have worked in the telecommunications industry for 18 years, and for the past  
11 2 years I have served as CEO/President of Blue Casa Telephone (BCT) a CLEC offering  
12 residential and business telecommunications services. I manage all aspects of BCT’s  
13 telecommunications operations, including planning, marketing, sales and day-to-day  
14 management.

15 **Q. ARE YOU FAMILIAR WITH THE APPLICATION THAT TNCI-OpCo**  
16 **SUBMITTED TO THIS COMMISSION?**

17 A. Yes.

18 **Q. DOES ANY INFORMATION IN THE APPLICATION NEED TO BE UPDATED**  
19 **OR REVISED?**

20 A. Yes. Subsequent to the filing of this application, TNCI-OpCo has obtained authority to  
21 provide intrastate services in Kentucky, Montana, North Carolina (interexchange only),  
22 and North Dakota Washington, and Wisconsin. TNCI-OpCo also completed the Initial  
23 Closing described in the application on April 30, 2013. As a result of the Initial Closing,

1 TNCI-OpCo has acquired the toll free number (provided below) of TNCI-DIP (as defined  
2 below).

3 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

4 A. The purpose of my testimony is to present evidence in support of TNCI-OpCo's  
5 application for a Certificate to provide the resold and facilities-based local exchange,  
6 interexchange and exchange access services that Applicant proposes to offer in South  
7 Carolina and to review issues related to its request for a certificate to provide such  
8 services and for approval of a transfer of assets. My testimony specifically relates to  
9 TNCI-OpCo's managerial, financial, and technical competence to provide the  
10 telecommunications services for which authority is requested, and its compliance with the  
11 rules and policies of this Commission and any granting of this Application would be in  
12 the public interest.

13 **Q. PLEASE DESCRIBE THE AUTHORITY THAT APPLICANT SEEKS FROM**  
14 **THE COMMISSION.**

15 A. TNCI-OpCo's application is being filed in connection with a transaction whereby TNCI-  
16 OpCo will acquire certain of the assets, including customer accounts and contracts and  
17 telecommunications equipment, of Trans National Communications International Inc.  
18 (Debtor-In-Possession) ("TNCI-DIP"), through a sale pursuant to Section 363 of the  
19 United States Bankruptcy Code (the "Transaction") that was approved by the Bankruptcy  
20 Court on March 13, 2013. TNCI-DIP is currently authorized to provide local exchange  
21 and interexchange services in South Carolina pursuant to a Certificate granted in Docket  
22 No. 2001-316-C. Accordingly, TNCI-OpCo seeks authority to provide local exchange,  
23 interexchange and exchange access telecommunications services to and from all points in

1 the State of South Carolina that are currently open, and that become open, to competition,  
2 and for approval of a transfer of assets from TNCI-DIP to TNCI-OpCo.

3 **Q. HAS APPLICANT BEEN AUTHORIZED TO PROVIDE SUCH SERVICE IN**  
4 **ANY OTHER JURISDICTIONS?**

5 A. Yes. Since the Application was filed, TNCI-OpCo has been authorized to provide local  
6 exchange and/or interexchange telecommunications services in Kentucky, Montana,  
7 North Carolina (interexchange only), North Dakota, Washington and Wisconsin.  
8 Applicant is in the process of obtaining authority to provide intrastate  
9 telecommunications services in all of the other contiguous United States, Hawaii, and the  
10 District of Columbia. TNCI-OpCo is also authorized to provide interstate and  
11 international telecommunications services by the FCC. TNCI-OpCo is seeking the same  
12 authorizations as currently held by TNCI-DIP so that TNCI-OpCo can continue to  
13 provide the same services as TNCI-DIP's customers currently receive from TNCI-DIP.  
14 Applicant has not been denied authority to provide telecommunications services in any  
15 state, nor has any state revoked the authority of Applicant to operate therein. As a result  
16 of the Initial Closing of the Transaction on March 30, 2013, TNCI-OpCo currently  
17 provide interstate and international telecommunications services throughout the country  
18 and intrastate telecommunications services in Kentucky, Montana, North Dakota and  
19 Washington.

20 **Q. PLEASE DESCRIBE THE CORPORATE STRUCTURE OF APPLICANT.**

21 A. Applicant's legal name is TNCI Operating Company, LLC. TNCI-OpCo is a Delaware  
22 limited liability company formed on January 9, 2013. A copy of its formation documents  
23 was provided with the Application as Exhibit A.

1 **Q. IS APPLICANT AUTHORIZED TO DO BUSINESS IN SOUTH CAROLINA?**

2 A. Yes. TNCI-OpCo is authorized to transact business in the State of South Carolina. A  
3 copy of TNCI-OpCo's Certificate of Authority to Transact Business in the State of South  
4 Carolina was provided to the Commission with the Application as Exhibit B.

5 **Q. PLEASE ADDRESS APPLICANT'S MANAGERIAL AND TECHNICAL**  
6 **QUALIFICATIONS.**

7 A. TNCI-OpCo is technically and managerially qualified to establish and operate its  
8 proposed telecommunications operations in South Carolina. TNCI-OpCo is managed by  
9 individuals with significant experience in the telecommunications industry who are well  
10 equipped to manage providing service in South Carolina and will share many of the same  
11 customer service, technical, operational and managerial personnel as TNCI-DIP.  
12 Descriptions of the key personnel of TNCI-OpCo were provided as Exhibit F to the  
13 Application. TNCI OpCo's highly-qualified technical staff will ensure that its operations  
14 will meet high standards for service quality and reliability. The corporate officers and  
15 directors for Applicant are myself and Julian Weldon, Secretary.

16 **Q. PLEASE DESCRIBE APPLICANT'S FINANCIAL QUALIFICATIONS.**

17 A. TNCI-OpCo has been funded by investment funds managed by Garrison Investment  
18 Group (collectively, the "Garrison Group"), a leading middle market investor. Therefore,  
19 TNCI-OpCo is well-qualified financially to operate within the State of South Carolina.  
20 In support of Applicant's financial qualification, financial information was provided with  
21 the Application under seal as Exhibit E.

1 **Q. PLEASE DESCRIBE THE TYPES OF SERVICES THAT APPLICANT WILL**  
2 **OFFER IN SOUTH CAROLINA.**

3 A. TNCI-OpCo intends to provide the same facilities-based and resold local exchange,  
4 exchange access and intrastate interexchange telecommunications services to business  
5 customers that TNCI-DIP currently provides to its customers. These services include (a)  
6 basic local exchange services and various ancillary services such as custom calling  
7 features, (b) long distance services, (c) dedicated Internet Protocol (“IP”)-enabled,  
8 integrated voice and data services, and (d) private line, frame relay and other non-voice  
9 services. Applicant will comply with all applicable Commission rules, regulations and  
10 standards, and will provide safe, reliable and high-quality telecommunications services in  
11 South Carolina.

12 **Q. WHAT FACILITIES WILL APPLICANT USE TO PROVIDE ITS PROPOSED**  
13 **LOCAL EXCHANGE SERVICES?**

14 A. As noted in the Application, TNCI-OpCo is purchasing the assets and operations of  
15 TNCI-DIP and will operate the business as it is currently configured as opposed to  
16 constructing any new facilities. Applicant’s network will primarily consist of leased  
17 facilities provided by other carriers, but where appropriate it may deploy its own  
18 facilities.

19 **Q. HAS YOUR COMPANY BEGUN INTERCONNECTION NEGOTIATIONS WITH**  
20 **INCUMBENT LECS IN SOUTH CAROLINA?**

21 A. TNCI-OpCo has not yet entered into or requested interconnection/resale agreements in  
22 South Carolina, but where necessary for the provision of service has made arrangements  
23 with underlying carriers to assume the existing interconnection/resale agreements of  
24 TNCI-DIP as part of the bankruptcy process. Applicant plans on using the existing local

1 exchange boundaries and established local calling scope of the incumbent local exchange  
2 carriers in South Carolina.

3 **Q. WHAT GEOGRAPHIC AREAS WILL APPLICANT SERVE?**

4 A. TNCI-OpCo seeks authority to provide local exchange, interexchange and exchange  
5 access telecommunications services to and from all points in the State of South Carolina  
6 that are currently open, and that become open, to competition. TNCI-OpCo intends to  
7 mirror the map and legal description sections of the tariffs filed by the incumbent carriers  
8 for the exchanges it proposes to serve.

9 **Q. WILL APPLICANT'S TARIFFS CONTAIN ALL OF ITS RATES AND**  
10 **CHARGES AS REQUIRED FOR INTRASTATE TELEPHONE SERVICES?**

11 A. Yes. TNCI-OpCo's illustrative tariffs, setting forth the terms, conditions, rates, charges  
12 and regulations pursuant to which TNCI-OpCo proposes to provide regulated  
13 telecommunications service were provided as Exhibit C to the Application. Since TNCI-  
14 OpCo will continue to provide services at the same rates and under the same terms and  
15 conditions as TNCI-DIP, TNCI-OpCo's illustrative tariffs will mirror the existing tariffs  
16 of TNCI-DIP except for the name and address of the company.

17 **Q. HOW WILL APPLICANT BILL FOR ITS SERVICES?**

18 A. Applicant will issue its own monthly invoices to its customers and will include the toll-  
19 free customer service number on the customer invoice.

20 **Q. DOES APPLICANT OFFER A DEBIT OR PREPAID CALLING CARD?**

21 A. No, Applicant does not currently offer a debit or prepaid calling card, and does not intend to  
22 offer such services in South Carolina. However, Applicant is aware of the Commission's  
23 requirements for prepaid calling cards.

1 **Q. DOES APPLICANT INTEND TO PROVIDE RETAIL RESIDENTIAL LOCAL**  
2 **EXCHANGE SERVICES IN SOUTH CAROLINA?**

3 A. It does not. As described above, Applicant intends to provide services to business  
4 customers in the same manner as currently provided by TNCI-DIP. Accordingly, the  
5 provisions of 10 S.C. Code Ann. Regs. § 103-607 are not applicable to TNCI-OpCo.

6 **Q. DOES APPLICANT AGREE TO ABIDE BY ALL RULES, REGULATIONS,**  
7 **POLICIES AND ORDERS OF THIS COMMISSION, AND THE LAWS OF THE**  
8 **STATE OF SOUTH CAROLINA, IN ITS PROVISION OF**  
9 **TELECOMMUNICATIONS SERVICE?**

10 A. Yes. TNCI-OpCo agrees to abide by all rules and regulations that are deemed to be  
11 applicable to TNCI-OpCo. TNCI-OpCo also agrees to abide by all 911 requirements at  
12 such time as TNCI-OpCo begins to provide local exchange services.

13 **Q. HOW WILL APPLICANT MARKET ITS SERVICES?**

14 A. TNCI-OpCo's primary method of marketing will involve the use of a direct sales force.

15 **Q. DOES APPLICANT USE TELEMARKETING AS A METHOD FOR SELLING**  
16 **ITS SERVICES?**

17 A. TNCI-OpCo does not currently have plans to use out-bound telemarketing in South  
18 Carolina. If TNCI-OpCo decides to use out-bound telemarketing in the future, Applicant  
19 will comply with all applicable telemarketing rules.

20 **Q. HOW ARE CUSTOMER INQUIRIES/DISPUTES HANDLED?**

21 A. Customers with billing questions or complaints may reach TNCI-OpCo at its toll free  
22 number at 800-800-8400, which is the same toll free number of TNCI-DIP. In the event  
23 of a billing dispute, TNCI-OpCo will perform a review of the disputed billing amount



1 and promptly attempt to reach a settlement to the mutual satisfaction of all parties.  
2 Following a full investigation to determine whether or not the charges may have been  
3 fraudulent or improper, TNCI-OpCo may adjust the disputed bill.

4 **Q. HOW WILL A CUSTOMER CONTACT TNCI-OPCO REGARDING BILLING**  
5 **AND OTHER CUSTOMER SERVICE INQUIRIES?**

6 A. TNCI-OpCo's Consumer Services Division can be reached at 800-800-8400.

7 **Q. WHY IS APPLICANT SEEKING EXEMPTIONS FROM ANY RULES**  
8 **REQUIRING THAT ITS BOOKS BE KEPT IN CONFORMANCE WITH THE**  
9 **UNIFORM SYSTEM OF ACCOUNTS?**

10 A. The USOA was developed by the Federal Communications Commission as a means of  
11 regulating telecommunications companies subject to rate base regulation. As a  
12 competitive carrier, Applicant will not be subject to rate base regulation and therefore  
13 requests Commission approval for Applicant to maintain its books in accordance with  
14 Generally Accepted Accounting Principles ("GAAP").

15 **Q. WHY ARE YOU SEEKING A WAIVER OF THE REQUIREMENT THAT YOUR**  
16 **BOOKS AND RECORDS BE KEPT IN SOUTH CAROLINA PURSUANT TO 26**  
17 **REGS. 103-610?**

18 A. Applicant's principal office is located in California, and in the absence of such a waiver,  
19 Applicant would have to assume additional expenses to maintain records and reports in  
20 an office in South Carolina. Applicant will maintain the required records at its principal  
21 place of business. All such books and records shall be provided to the Commission or the  
22 South Carolina Office of Regulatory Staff ("ORS") at the appropriate applicable office  
23 within the State of South Carolina in a timely manner upon request.

1 **Q. HOW WILL APPLICANT GUARD AGAINST SLAMMING?**

2 A. Applicant will prevent unauthorized switching of customers by obtaining a signed letter  
3 of authorization (“LOA”), or similar authorization, from all new customers. Applicant  
4 will comply with South Carolina law and Federal Communications Commission (“FCC”)  
5 regulations regarding how carriers may change a customer’s primary carrier(s).

6 **Q. IS APPLICANT SEEKING FLEXIBLE REGULATORY TREATMENT FOR ITS**  
7 **LOCAL EXCHANGE SERVICE OFFERINGS?**

8 A. Yes, Applicant respectfully requests that its local service offerings be regulated in  
9 accordance with procedures outlined in Order No. 98-165 in Docket No. 97-467-C.

10 **Q. HAS APPLICANT REQUESTED ALTERNATIVE REGULATION OF ITS LONG**  
11 **DISTANCE BUSINESS SERVICE, CONSUMER CARD AND OPERATOR**  
12 **SERVICE OFFERINGS?**

13 A. Yes, Applicant requests that all of its business service offerings be regulated pursuant to  
14 the procedures described and set out in Commission Order Nos. 95-1734 and 96-55 in  
15 Docket No. 95-661-C, as modified by Commission Order No. 2001-997 in Docket No.  
16 2000-407-C. It is Applicant’s intent by this request to have its business services  
17 regulated in the same manner as this Commission has permitted for AT&T Communications  
18 of the Southern States, Inc. (“AT&T”). Specifically, Applicant requests that the Commission:

- 19 a. remove the maximum rate tariff requirements for its business services, consumer  
20 card, operator service, private line, and customer network-type 12 offerings (except as  
21 set out in Commission Order No. 2001-997);
- 22 b. presume that the tariff filings for these uncapped services be valid upon filing.  
23 However, if the Commission institutes an investigation of a particular filing within

1           seven (7) days, the tariff filing would be suspended until further order of the  
2           Commission; and

3           c.     grant Applicant the same treatment as AT&T in connection with any future relaxation  
4           of the Commission's reporting requirements.

5   **Q.     PLEASE DESCRIBE THE PUBLIC INTEREST BENEFITS ASSOCIATED WITH**  
6   **APPLICANT'S PROPOSED OFFERING OF TELECOMMUNICATIONS**  
7   **SERVICES IN SOUTH CAROLINA.**

8   A.     Granting this Application will promote the public interest by allowing the Transaction to  
9           be completed, thereby permitting the assignment of TNCI-DIP customers to a financially  
10          stable company that will continue to provide telecommunications services to such  
11          assigned customers without interruption. Further, TNCI-OpCo's operations will be  
12          overseen by a well-qualified management team with substantial telecommunications  
13          experience and technical expertise. In addition, the proposed Transaction is structured to  
14          assure an orderly transition of customers from TNCI-DIP to TNCI-OpCo. TNCI-OpCo  
15          will provide customers high quality, cost effective telecommunications services, with an  
16          emphasis on customer service.

17          Further, granting this Application will promote the public interest by maintaining the  
18          current level of competition in the provision of telecommunications services in South  
19          Carolina. In addition to driving prices closer to costs, thereby ensuring just and  
20          reasonable rates, competition also promotes efficiency in the delivery of services and in  
21          the development of new services. These benefits work to maximize the public interest by  
22          providing continuing incentives for carriers to reduce costs while, simultaneously,  
23          promoting the availability of potentially desirable services.

1    **Q.     DOES THIS CONCLUDE YOUR TESTIMONY?**

2    A.     Yes.

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
DOCKET NO. 2013-118 -C**

Application of **TNCI OPERATING** )  
**COMPANY LLC** for a Certificate of )  
Public Convenience and Necessity to )  
Provide Resold and Facilities-Based Local )  
Exchange, Exchange Access and )  
Interexchange Telecommunications )  
Services in the State of South Carolina, )  
For Alternative Regulation, Flexible )  
Regulation, and For Approval of a )  
Transfer of Assets from Trans National )  
Communications International Inc. )

**CERTIFICATE OF SERVICE**

This is to certify that I have caused to be served this day, the Prefiled Direct Testimony of Jeff Compton via electronic mail service as follows:

**VIA ELECTRONIC MAIL SERVICE**

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May 13, 2013  
Columbia, South Carolina